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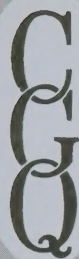
**THE CARIBOO GOLD QUARTZ
MINING COMPANY LIMITED**
(N.P.L.)

**Thirty-Seventh Annual Report
1963**



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THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

37th Annual Report for the year ended December 31, 1963

DIRECTORS

J. ROYDEN MORRIS	- - - - -	<i>Vancouver, B.C.</i>
H. H. HUESTIS	- - - - -	<i>Vancouver, B.C.</i>
AE. MCB. BELL-IRVING	- - - - -	<i>Vancouver, B.C.</i>
A. O. HALL, P.ENG	- - - - -	<i>Vancouver, B.C.</i>
GORDON B. MORRIS, P.ENG.	- - - - -	<i>Toronto, Ont.</i>
J. A. McLALLEN	- - - - -	<i>Vancouver, B.C.</i>
W. C. McDougall	- - - - -	<i>Ellensburg, Wash.</i>
GORDON SHARPE	- - - - -	<i>Ladner, B.C.</i>

OFFICERS

J. ROYDEN MORRIS	- - - - -	<i>President</i>
H. H. HUESTIS	- - - - -	<i>Vice-President</i>
R. J. SMITH, C.A.	- - - - -	<i>Secretary-Treasurer</i>

GENERAL MANAGER

MARCEL GUIGUET	- - - - -	<i>Wells, B.C.</i>
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CONSULTING ENGINEER

E. E. MASON, P.ENG.	- - - - -	<i>Vancouver, B.C.</i>
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TRANSFER AGENTS

MONTREAL TRUST COMPANY	- - - - -	<i>Vancouver, B.C.</i> <i>Toronto, Ontario</i>
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AUDITORS

REYNOLDS, ANDERSON & CO.

HEAD OFFICE

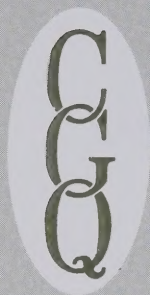
913 - 675 West Hastings Street	- - - - -	<i>Vancouver, B.C.</i>
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MINE OFFICE

<i>Wells, B.C.</i>

ANNUAL MEETING

TUESDAY, APRIL 21, 1964 — 2:30 P.M.
MCKENZIE ROOM, HOTEL GROSVENOR,
840 Howe Street, Vancouver, B.C.



DIRECTORS' REPORT

ORE DISCOVERIES

The major news of the past year in your company's affairs are the many new and rich ore discoveries in the westerly workings of the mine. The estimated readily available ore reserves are 87,600 tons of a grade of 0.59 oz. gold which equals 51,670 oz. having a value of \$1,953,000 or .96c per share for the 2,040,000 shares outstanding.

Our consulting engineer Mr. E. E. Mason says we have a new mine in the Mosquito Creek area at the western part of our property on the Wells-Barkerville gold belt.

FINANCIAL

During the year the sale of the French Mine mill and property was completed. The final payment was made on the mortgage on the Apartment Blocks and the second instalment paid on the bonds so that now the only indebtedness remaining is the \$95,000 on the 7% First Mortgage Convertible Bonds due September 30th, 1965. Up to date of this report \$160,000 has been raised by the sale of 300,000 shares of treasury stock for expanded capital development on the 3125 ft. and 2700 ft. levels—see below.

OUTSIDE EXPLORATION

Our joint prospecting effort with Bralorne-Pioneer Mines reported on

last year did not come up with any conclusive results on the promising copper surface showings on Treasure Mountain near Terrace, B.C. Our engineers also examined other copper and iron surface deposits in the Queen Charlotte Islands. No action was taken.

POWER

No decision has been reached yet by B.C. Hydro & Power Authority to supply power to the Wells-Barkerville area, consequently we are continuing to operate our own diesel plant. Negotiations are continuing with B.C. Hydro & Power Authority.

THE FUTURE

In our last annual report April 1963, we wrote "Ore developments this year could be the most productive in the thirty year history of the mine." We take great pleasure to report that this is now a reality.

Please turn to the map in your annual report and note: we are now proving up a third major area of gold producing ground with the extension of three levels to the Mosquito Fault. We are extending a fourth and a fifth level to this area to open up more working places. The 2700 ft. level will meet the convergence of the Burnett and Mosquito Faults. This convergence is a highly favourable potential gold producing area.

The No. 1 mine produced \$21,000,000. The Aurum mine produced \$20,000,000 and is still producing.

We are looking at a new block of ground in the Mosquito Zone which could produce \$20,000,000 to \$25,000,000.

Because of the new ore discoveries we have made an initial production increase of 20% from 1500 oz. monthly to 1800 oz. This will give us a cash profit of approximately \$45,000.00 for the first quarter of 1964. As our development work progresses, we propose another production increase.

We are projecting the most profitable year for your company in the last decade of operations.

GOLD

Gold continues to make the headlines in newspapers and periodicals all over the world. President Johnson has been described as a protégé of the late President Franklin D. Roosevelt. If so he may take a positive attitude toward the idea that raising the price of gold would be of enormous benefit for the United States because it would go far to curing the United States deficit—for two reasons: First, a rise in the price of gold would bring down interest rates all over the world and accordingly reduce the outflow of capital from the United States.

Secondly, it would give a great boost to American exports. World-wide, it would give a lift to primary product prices and to the income of their producers.

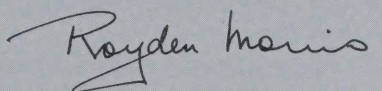
To men the world over, gold is a symbol of fineness, "as good as gold". Gold is security, and the peg that indicates the standard of living of all mankind. And all over the world, the standard of living has been steadily rising and will continue to rise. Through history the price of gold has always advanced.

Yes, all owners of stock in gold mining companies have this "jackpot" to think about too—the eventual increase in the price of their product.

CONCLUSION

We wish to thank every member of our staff for the part he has played in the big job of rebuilding and revitalizing The Cariboo Gold Quartz Mining Company Limited.

On behalf of the Board of Directors



President



The President and Directors,
The Cariboo Gold Quartz Mining Company Limited (N.P.L.)
913 Royal Bank Building,
Vancouver 2, B.C.

WELLS, B.C.
March 10, 1964

Dear Sirs:

Herein find a report on your company's operations for the year ended December 31, 1963.

PRODUCTION

	1963	1962
Ore mined and milled (dry tons)	34,702	38,638
Gold produced (fine ounces)	18,308	18,624
Silver produced (fine ounces)	3,165	3,274
Gross value of Bullion* (Excl. E.G.M.A.)	\$695,537	\$701,218
Value of E.G.M.A.	\$188,119	\$191,363
Average tons milled per day	95.1	105.9
Average mill heads5467	.5002
Average mill tails0191	.0182
Recovery percentage	96.51	96.36
E.G.M.A. per ton	\$ 5.42	\$ 4.95
E.G.M.A. per ounce Gold	\$ 10.28	\$ 10.28
Average price of Gold per ounce	\$ 37.75	\$ 37.65
Average value of ore* per ton	\$ 20.04	\$ 18.15
Average value of Ore* per ton including E.G.M.A.	\$ 25.46	\$ 23.10
Average value of Ore* per ounce including E.G.M.A.	\$ 48.27	\$ 47.93

*Includes Gold and Silver

Production of ounces and dollars remained about the same as 1962 because of the higher grade of ore mined, the second highest grade in the history of the property.

MILLING

No major changes were made in the mill which continues to recover gold at the high rate of 96.51% of ore content.

MINING

	1963			1962		
	TONS	GRADE	OUNCES	TONS	GRADE	OUNCES
Stoped	32,945	.554	18,264	36,758	.503	18,497
Development	1,757	.463	813	1,085	.401	435
Adjust for ore from bins and mint correction			- 106	+ 795	.500	+ 396
Tons milled	34,702	.547	18,971	38,638	.500	19,328
The replacement ore mined was	28,470	.588	16,752	30,174	.545	16,439
The percentage to all ore mined	82.0%		87.8%	82.1%		88.9%

A total of 35 stopes were in production of which three were of the quartz type. The quartz ore mined totalled 5807 tons grading .38 ounces per ton for a production of 2233 ounces. This grade of quartz ore compares favourably with the average grade of .33 mined over the years.

Six new stopes were started and mined in the Mosquito Fault area during the year. New discoveries since January 1st, 1964 will bring in a like number of stopes in this zone.

Discoveries in 1963 are still producing ore in the older Island Mountain section above the Aurum Fault. This section is still being probed for ore, but on a lessening scale.

In the overall stoping, the grades were uniformly higher (.55) than in 1962 at .50.

MANAGER'S REPORT

Three stopes were mined by undercut methods in the sills of the 2850 and 2700 levels. Although costlier to extract, this ore was of higher than average grade and the method is now being used on two other ore bodies in 1964, with equal success.

DEVELOPMENT

Current Development

LEVEL	DRIFT	X-CUT	RAISE	BH & SUB	TOTAL	D. DRILL	TEST HOLE
4230	---	---	---	---	---	3433	---
4000	---	---	---	---	---	289	---
3875	---	---	---	---	---	---	---
3750	70	66	122	---	258	821	1785
3625	60	269	143	---	472	2680	348
3500	---	90	---	---	90	769	3330
3375	---	---	---	---	---	1404	248
3250	---	75	---	96	171	308	1913
3125	1330	37	63	181	1611	2572	1655
3000	443	625	267	---	1335	6901	1188
2850	1416	301	---	69	1786	3095	2120
2700	238	203	58	---	499	2780	740
2550	---	---	---	---	---	---	---
Total	3557	1666	653	346	6222	25052	13327

Development increased by almost 1700 feet over the previous year. Deferred development contracted out amounted to 1694 feet; another 58 feet of deferred raising was completed by our own crews. In diamond drilling, 623 feet were drilled by contract.

The deferred drifting extended the 3125 main drift west some 1224 feet. This drift has now been completed through the Mosquito Fault.

The 2850 level was extended to the Baker-Rainbow contact some 470 feet by deferred drifting in the footwall of the Mosquito Fault. From there our own crews developed along the contact. Here a major discovery of ore was made. A total of 185 feet of ore was exposed on the drift in four separate sections. The drift mucks graded .49 ounces per ton for this length. The centre section (M52) is now being mined at a stope grade of .94. The other sections are being held on reserve. Diamond drilling has also found two ore bodies some 60 feet out in the hanging-wall of this drift, ore extensions unknown to date.

On the 3000 level, immediately up-dip from the above ore, three small stopes were found, a distance of 250 feet on dip.

Again above the 3000 level drilling revealed another high-grade ore body (M49) which is now being mined by two stopes. This could well be the richest find in the mine to date.

Since the year end, the drifting on the 3125 level west in the hanging-wall of the Mosquito Fault has uncovered three sweetener ore bodies, 70 feet, 30 feet, and 140 feet in length grading 1.43 ounces, 1.69 ounces and 1.62 ounces respectively. The first ore body should extend easterly, as it is cut off by a fault. No extent of the ore boundaries, vertically or up-plunge, has been outlined as yet as other exploration is now in progress on this level, in the footwall of the Mosquito Fault. However these are major ore bodies in themselves.

The 3250 level, above these later discoveries, is at present being driven into this area.

The 2700 level is now being pushed towards the Burnett-Mosquito Fault area and under the M52 ore group on the 2850 level above. It is highly probable that more ore will be found in the vicinity of these two Faults, as they appear to converge at the 2700 level elevation.

Diamond drilling footage at 25,052 feet was the second highest year in the history of the Company.

Test Holing in the stopes was reduced by one machine, from 22,003 feet to 13,327 feet. This rate (with one machine) is considered adequate for our present needs.

ORE RESERVES

See these reserves in Mr. E. E. Mason's report.

COSTS

	1963			1962		
	AMOUNT	PER TON	PER OZ.	AMOUNT	PER TON	PER OZ.
Bullion Expense	\$ 5,340	\$.15	\$.29	\$ 5,524	\$.14	\$.30
Development	244,068	7.03	13.33	231,418	5.84	12.42
Mining	422,915	12.18	23.10	453,372	11.44	24.35
Milling	129,760	3.74	7.09	139,313	3.51	7.48
Mine overhead	12,876	.37	.70	31,423	.79	1.69
Administration	48,816	1.41	2.67	51,937	1.31	2.78
Total	863,775	24.88	47.18	912,987	23.03	49.02

CAPITAL EXPENDITURES

Equipment	\$ 10,174
Re Drifting—3125, 3000, 2850 levels	87,479
Outside Exploration	4,390
Total Capital Expenditures	\$102,043

Our interest in the North West Group of Claims near Terrace, B.C., was abandoned during the year after our co-partner, Bralorne Mines, gave up their options on the property.

SUBSIDIARY COMPANIES

Wells Townsite Co. Ltd.

The company continued to supply services to the town of Wells. We still maintain the water and electrical franchises. We own and rent to our employees, 35 houses in the townsite proper.

The apartment blocks contain 35 suites all fully occupied.

Gold Quartz Hospital Ltd.

The hospital served the employees of the company and community of Wells-Barkerville.

There were 1507 patient days during 1963 of which 742 were employee and family patient days and 765 were outside patient days.

A loss of \$5,035.25 was sustained by the operation.

GENERAL

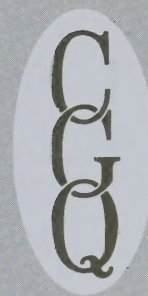
The payroll, including hospital staff and doctor (seven) averaged 119 for the year.

Our fine safety record for the year paid off in no lost time accidents with the result that your company won the Small Mines Safety Award for 1963. This award is presented each year by the West Kootenay Mine Safety Association to the mine having the best safety record, such mine to have less than 30,000 man shifts. This record could only have been achieved through the fine co-operation of all the staff and employees and especially the efforts of your Safety Director, Charles McNeil.

My sincere thanks are tendered to the employees, staff, our consulting engineer and the Board for their encouragement and support during the year.

Respectfully submitted,

MARCEL GUIGUET, *Manager.*



CONSULTING ENGINEER'S REPORT

1119 Marine Building,
Vancouver 1, B.C.
March 10, 1964

The President,
The Cariboo Gold Quartz Mining Company Limited (N.P.L.)
913 Royal Bank Building,
Vancouver 2, B.C.

Dear Sir:

Herewith my report on your company's operations for the calendar year 1963:

ORE RESERVES

Work has continued in the Aurum mine and its extensions westerly into the Burnett and Mosquito Fault areas. Following are the ore reserves estimated as reasonably assured for same:

	TONS	GRADE	OUNCES
1963 Ore Reserves	69,150	0.50	34,595
LESS Ore Mined 1963	32,945	0.55	18,264
Cancellations	3,355		2,458
	32,850		13,873
ADD Ore Found 1963	55,010	0.69	37,797
1964 Ore Reserves	87,860	0.59	51,670

These figures show an increase from 37,600 tons of 0.62 grade in 1963 replacement ore reserves to 51,410 tons of 0.74 grade for 1964, a net increase of 14,535 ounces gold. For the first time the major portion of these reserves derive from the new workings west of the Aurum Fault block, in the Burnett-Mosquito Faults areas. This figure is estimated at 35,160 ounces of 0.79 grade. A small increase of 4900 tons is also reported in the quartz ore reserves for an increase of 2540 ounces gold contained, and an increase from 0.36 average grade to 0.38.



In addition to the above are the figures of record for the inactive No. 1 Mine:

	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES</u>
	58,410	0.37	21,419
	46,600	0.27	12,582
	105,010	0.32	34,001

As has been noted each year latterly, these are nominal figures representing largely nominal tonnages attached to incompletely developed quartz occurrences exposed in the No. 1 Mine. Their gold values are too low to support present costs of development and exploitation over the distances involved. These quantities, however, should find substantial increase if the development and exploitation of such ore grades becomes economic once again.

PRODUCTION

Ore mined and treated for the year is reported as 34,702 tons of an average grade of 0.55 containing 18,971 ounces gold divided as follows:

	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES</u>
Quartz Ore Mined	5,807	0.38	2,233
Replacement Ore Mined	27,138	0.59	16,031
Development Ore	1,757	0.40	707
	34,702	0.55	18,971

Bullion produced is reported as 18,308 ounces gold for a mill recovery of 96.5 per cent.

The small part played by the quartz ores will be noted. The bulk of this material was obtained from a group of five interconnected stopes in the 62 Vein system at the east end of the old mine. The improvement in the quartz ore grades in relation to the previous year will be noted also.

The following is the division of ore production as between the old mine and the westerly extensions:

	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES</u>
Old Workings	12,950	0.52	6,672
Westerly Extensions	19,995	0.58	11,592
	32,945	0.55	18,264

The new workings can be expected to play an increasingly important part in the future.

DEVELOPMENT

Development footage for the year is reported as 6222 feet, against 4539 feet for 1962, 5743 feet for 1961 and 4936 feet for 1960. These figures include capital development.

A limited capital development programme was under way as the year commenced. The 3125 and 2850 levels were extended westerly under contract at a rate of from 200-250 feet monthly; the first to the Burnett Fault, and the second through the non-productive rocks in the footwall of the Mosquito Fault to the productive Rainbow-Baker contact. This work was completed in May.

Subsequently this contact was drifted, and in September 182 feet of replacement ore was exposed, averaging 2 feet wide and assaying from 1 to 5 ounces gold per ton. This ore body ranks amongst the largest found to date. Currently it is being drawn upon at a rate of 225 tons monthly. Average grade has been 1 ounce.

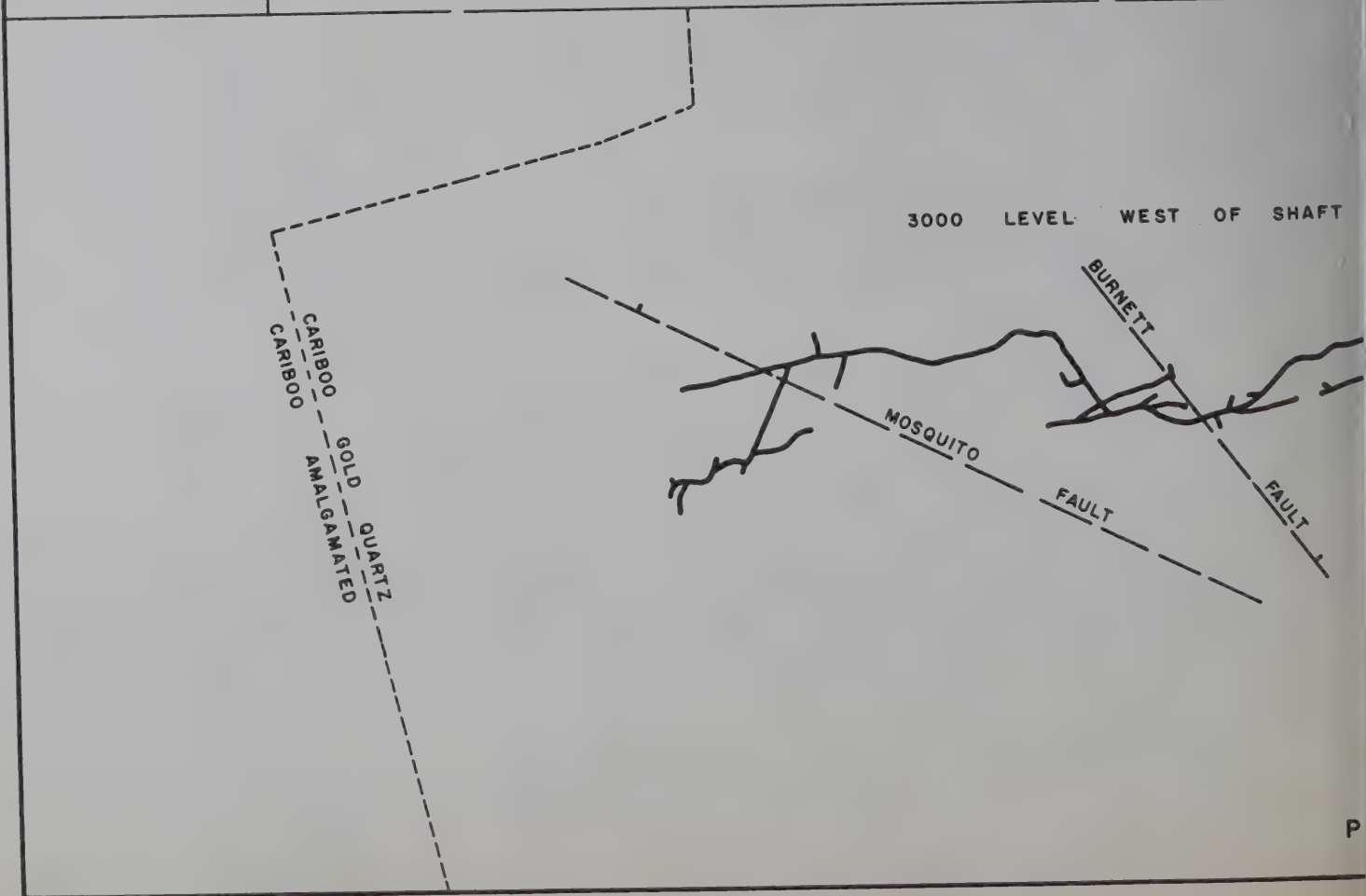
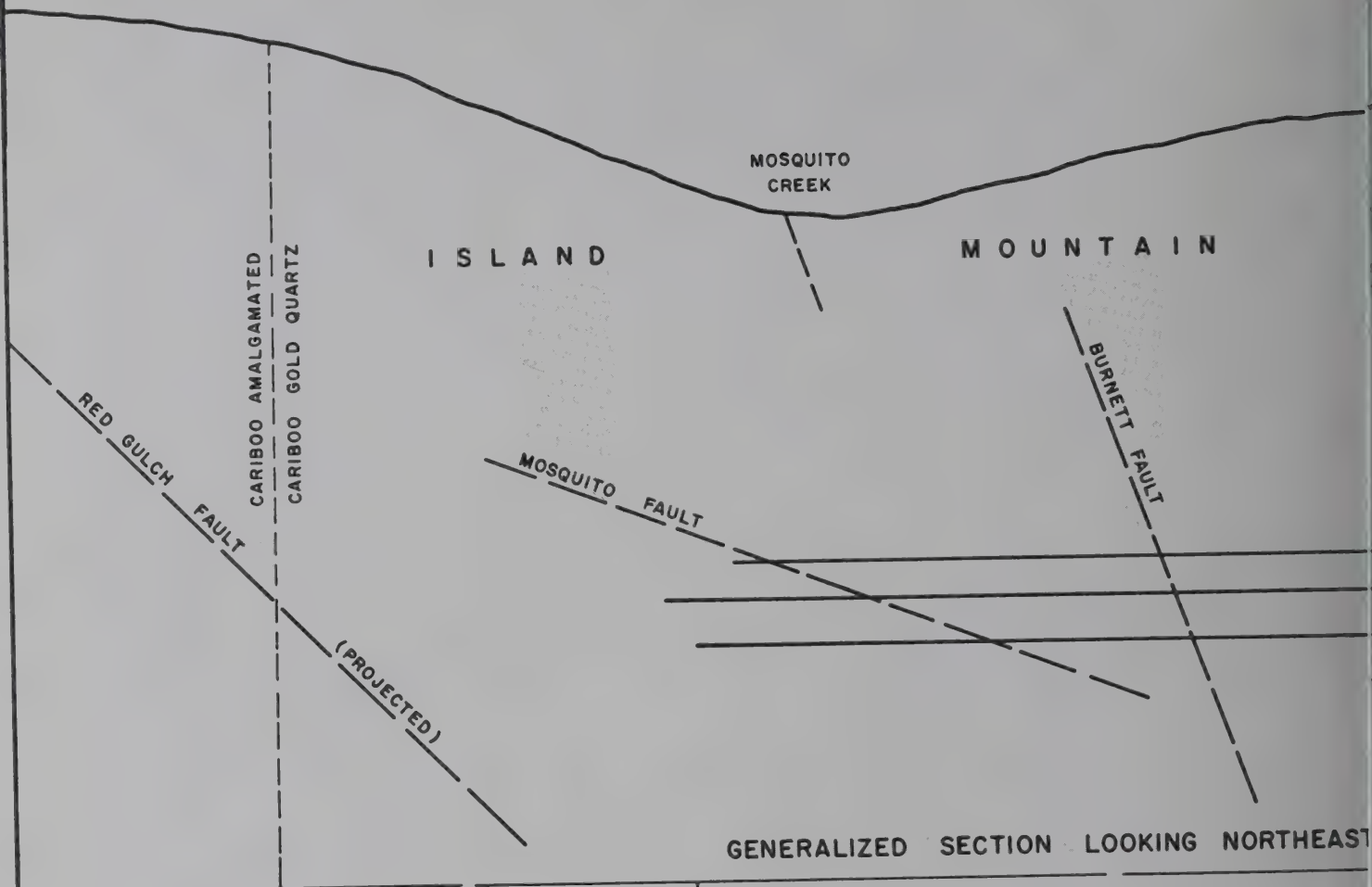
Initial development in the Mosquito Fault block on the 3000 level was disappointing. Diamond drilling in the hanging wall failed to discover the favourable limestones until roughly 100 feet above the level. In the footwall, ore was first discovered 106 feet above the level, and traced 240 feet down plunge by further drilling. This is the M49 orebody, now being stoped from 8-30 feet wide at plus ounce grade.

On the basis of these discoveries the decision was made to extend two more levels into the Burnett-Mosquito Faults areas. A contract was let and work commenced November 13. The 3125 level has now been extended through the Mosquito Fault and connected with the 3000-M49 Stope. Three replacement orebodies were encountered in this drive. These have been described elsewhere. They remain incompletely developed.

Currently, the 2700 level is being driven into these areas by the contractors. The Burnett and Mosquito Faults are expected to intersect about this elevation. As such the area can be considered particularly favourable for ore discoveries. Undoubtedly, additional discoveries also will be made on the upper three levels. It would appear a new mine is in the making in this block of four levels.

Respectfully submitted,

E. E. MASON, P.ENG.



DUCTION: 1934-1963 INCLUSIVE

8,833 TONS 527,816 OZ.

505,658 OZ. RECOVERED

GROSS VALUE (INCLUDING E.G.M.A. SUBSIDY):

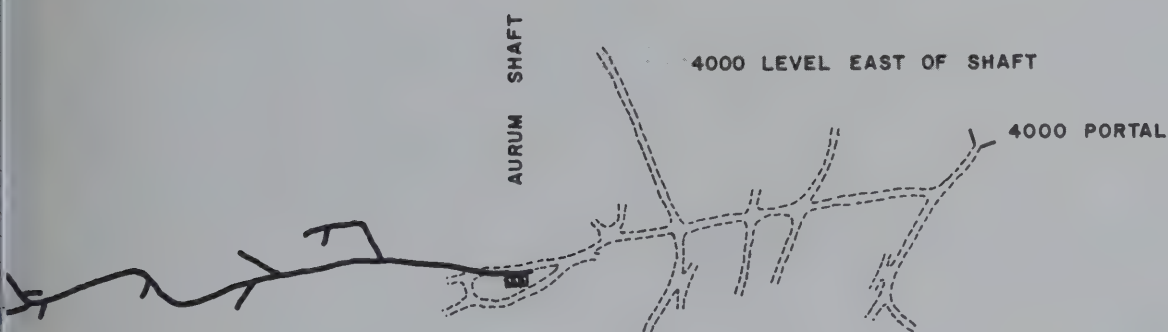
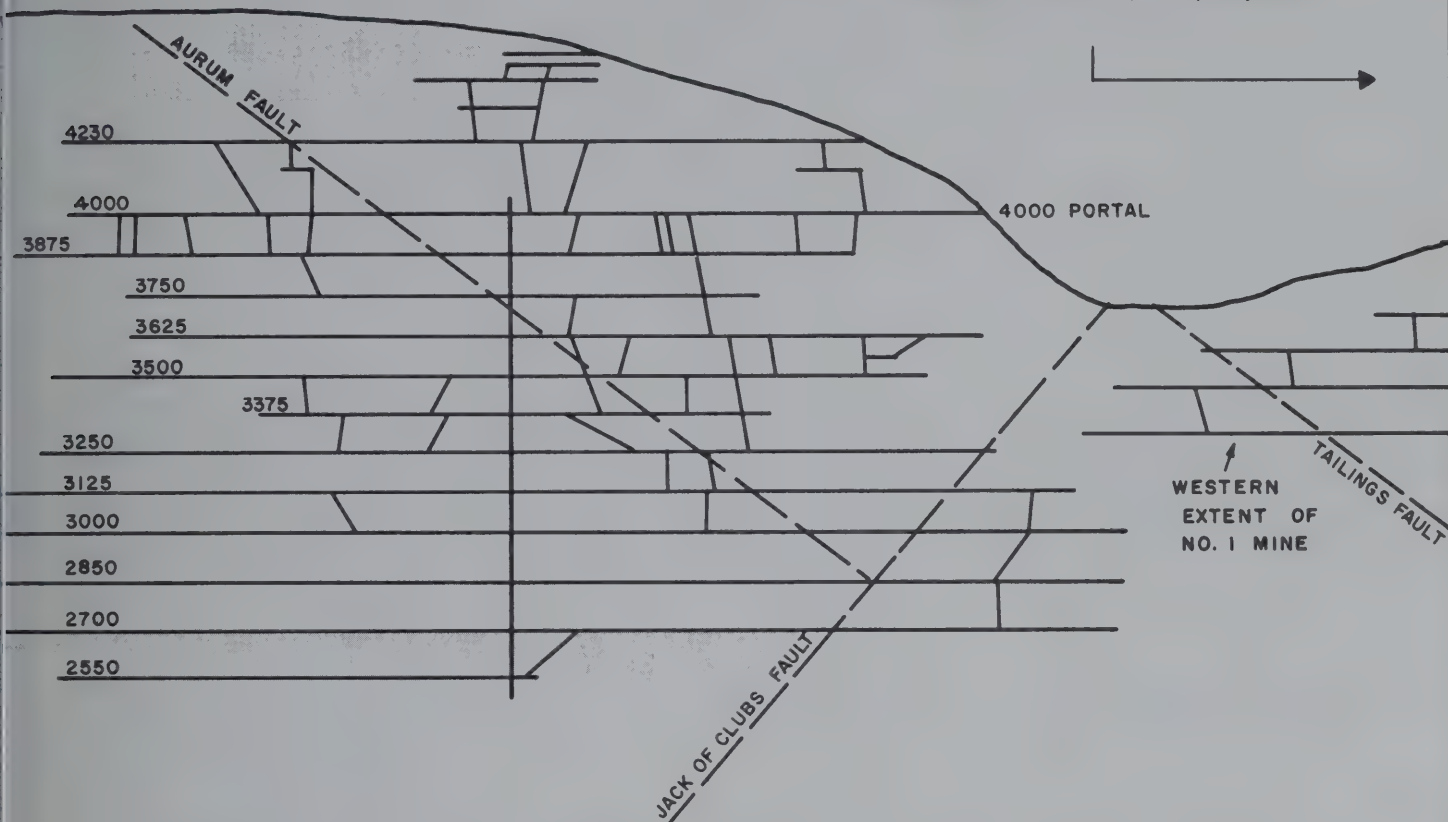
\$ 20,030,032

NO. 1 MINE PRODUCTION

1933 - 1959

1,661,757 TONS 627,300 OZ.

GROSS VALUE \$21,540,000



CARIBOO GOLD QUARTZ MINING CO. LTD.

AURUM MINE
WELLS, B.C.

1000 500 0 1000

SCALE OF FEET

10 MARCH 1964

THE CARIBOO GOLD QUARTZ

Balance Sheet as at

(with comparative figures)

ASSETS

CURRENT ASSETS

	1963	1962
Cash	\$ 5,710	\$ 4,686
Bullion settlements outstanding	57,245	62,779
Sundry accounts receivable	3,492	3,613
Receivable under The Emergency Gold Mining Assistance Act	80,774	61,221
Supplies, at cost	85,381	107,279
Security deposits and special funds	570	3,795
Prepaid expenses	699	4,186
	<u>233,871</u>	<u>247,559</u>

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES (Notes 1 and 2)

169,491 204,600

FIXED ASSETS, at cost

Buildings, machinery and equipment	\$ 2,129,520		
Less accumulated depreciation	1,727,308	402,212	408,234
Mining properties	1,317,217		
Less accumulated depletion	1,142,203	175,014	175,014
Deferred mine development	723,432		
Less amounts written off	505,023	218,409	157,302
Outside exploration	—	—	7,211
		<u>795,635</u>	<u>747,761</u>

BOND DISCOUNT AND EXPENSE, less amounts written off

9,081 14,281

\$ 1,208,078 \$ 1,214,201

APPROVED ON BEHALF OF THE BOARD

J. R. MORRIS, Director

H. H. HUESTIS, Director

MINING COMPANY LIMITED

(N.P.L.)

December 31, 1963

(at December 31, 1962)

LIABILITIES

CURRENT LIABILITIES

	1963	1962
Bank loan, secured	\$ 25,161	\$ 86,725
Accounts payable	94,884	49,237
Wages payable	19,191	18,016
	<u>139,236</u>	<u>153,978</u>

MORTGAGE PAYABLE, 4% due June, 1963	---	9,630
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7% FIRST (CLOSED) MORTGAGE SINKING FUND

CONVERTIBLE BONDS (Note 3)	95,000	145,000
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SHAREHOLDERS' EQUITY

SHARE CAPITAL (Notes 4 and 5)

Authorized:

4,000,000 shares of \$1.00 par value \$ 4,000,000

Issued and fully paid:

2,040,809 shares (200,000 shares issued in 1963)	2,040,809	1,840,809
Less discount on shares (net of premium)	231,947	130,947

	1,808,862	1,709,862
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DEFICIT	835,020	804,269
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	<u>973,842</u>	<u>905,593</u>
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	<u>\$ 1,208,078</u>	<u>\$ 1,214,201</u>
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The accompanying Notes 1 to 6 form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in the report of Reynolds,
Anderson & Co., Chartered Accountants, dated March 12, 1964.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1963

(with comparative figures as at December 31, 1962)

	1963	1962
BULLION PRODUCTION	<u>\$ 690,197</u>	<u>\$ 695,694</u>
OPERATING AND ADMINISTRATIVE COSTS		
Current mine development	244,068	231,418
Mining	422,915	453,372
Milling	129,760	139,313
Mine overhead and townsite expenses	12,876	31,423
Administrative and general expenses	33,888	36,646
Directors' fees	Nil	1,955
Interest on debt	14,928	13,336
	<u>858,435</u>	<u>907,463</u>
Less cost-aid recovery	188,119	191,363
	<u>670,316</u>	<u>716,100</u>
PROFIT (Loss) before the undernoted items	<u>19,881</u>	<u>(20,406)</u>
Depreciation (Note 6)	16,196	28,475
Amortization of deferred mine develop- ment (Note 6)	26,373	26,023
Amortization of bond discount	5,200	5,193
	<u>47,769</u>	<u>59,691</u>
OPERATING LOSS	<u>27,888</u>	<u>80,097</u>
NON-RECURRING INVESTMENT INCOME (Note 2)	31,650	Nil
PROFIT (LOSS) FOR THE YEAR	<u>\$ 3,762</u>	<u>\$ (80,097)</u>

STATEMENT OF OPERATIONS

FOR THE THIRTY YEARS AND ELEVEN MONTHS ENDED DECEMBER 31, 1963

BULLION PRODUCTION		\$28,745,776
Less: Mint and handling charges	\$ 312,627	
Provincial Mineral Tax	221,784	534,411
		<u>28,211,365</u>
 OPERATING COSTS		
Mining, milling, development and administrative	26,656,367	
Less cost-aid recovery	<u>2,823,215</u>	23,833,152
		4,378,213
Add Use and Occupancy insurance recoveries re fire and strike		107,450
		<u>4,485,663</u>
PROFIT before the undernoted items		
Depreciation	1,781,943	
Depletion	1,142,204	
Amortization of capital development	505,024	
Income taxes	502,256	
Fire loss	3,924	
Amortization of bond discount and expense	<u>16,884</u>	3,952,235
		533,428
Add: Profit on sale of equipment and bonds	24,165	
Dividend from subsidiary company	<u>31,650</u>	55,815
PROFIT for the thirty years and eleven months ended December 31st, 1963		589,243
Less dividends paid, less unclaimed		<u>1,678,779</u>
		1,089,536
Add: Write off balance of deferred development as at January 31, 1950	576,589	
Write off losses of subsidiary companies as at December 31, 1954	36,389	
Outside exploration, 1956 and 1963	24,010	
Revaluation of investment in shares of sub- sidiary company in 1963	<u>22,912</u>	659,900
		1,749,436
Less paid in capital surplus		<u>914,416</u>
DEFICIT at December 31st, 1963		<u>\$ 835,020</u>

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1963
(with comparative figures as at December 31, 1962)

	1963	1962
DEFICIT , beginning of year	\$ 804,269	\$ 711,846
Add: Adjustment to prior years income	---	12,326
Outside exploration	11,601	---
Revaluation of investment in shares of French Mines Ltd. (N.P.L.) (Note 2)	22,912	---
	<u>838,782</u>	<u>724,172</u>
Deduct: Profit for the year (add loss)	3,762	(80,097)
DEFICIT , end of year	<u>\$ 835,020</u>	<u>\$ 804,269</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1963

WORKING CAPITAL, beginning of year \$ 93,581

ADD FUNDS RECEIVED FROM

Operations	\$ 3,762	
Add depreciation and other charges not requiring an outlay of cash	47,769	\$ 51,531
Sale of shares under option agreement		99,000
Repayment of advances due from subsidi- ary companies	20,109	170,640
		<u>264,221</u>

DEDUCT FUNDS EXPENDED ON

Development of mine (capital portion)	87,479	
Purchase of equipment	10,174	
Sinking Fund payment on bond redemption	50,000	
Payment of mortgage in full	9,630	
Outside exploration	4,390	
Purchase of French Mines Ltd. (N.P.L.) shares (Note 2)	7,913	169,586

WORKING CAPITAL, end of year \$ 94,635

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1963

1. The following investments in and advances to subsidiary companies are shown at the lesser of cost or cost less amounts written off:

	INVESTMENT IN SHARES	ADVANCES	TOTAL
The Wells Townsite Company Limited (wholly owned)	\$ 11,766	\$ 15,703	\$ 27,469
Gold Quartz Hospital Limited (wholly owned)	6,846	4,236	11,082
Williams Creek Gold Quartz Mining Co. Ltd. (N.P.L.)	130,939	---	130,939
French Mines Ltd. (N.P.L.) (wholly owned) (Note 2)	1	---	1
	<u>\$ 149,552</u>	<u>\$ 19,939</u>	<u>\$ 169,491</u>

2. During the year, the company recovered all the advances due from French Mines Ltd. (N.P.L.). After increasing its ownership to 100% by purchasing 25,000 shares for \$7,912.61 the company received a dividend of 31,650.45, which has been taken into income. As French Mines Ltd. (N.P.L.) is now dormant and has no further assets, the company's investment has been reduced to a nominal value of \$1.00.
3. Pursuant to the terms of the Trust Deed securing the 7% First (Closed) Mortgage Sinking Fund Convertible Bonds, the bondholders may, at their option, convert \$50,000.00 principal amount of bonds to shares of the company, or the company is required to make a \$50,000.00 sinking fund payment by September 30th, 1964. The principal balance of \$45,000.00 then remaining is due to be retired on the same terms by September 30th, 1965.
4. During the year the authorized capital of the company was increased from 2,000,000 shares of \$1.00 par value to 4,000,000 shares of \$1.00 par value.
5. The company is required to retain sufficient shares in its treasury to meet the following commitments:
 - (a) 6,691 shares optioned to the underwriter of the bond issue at \$1.00 per share exercisable in whole or in part at any time up to the day upon which all bonds have been retired.
 - (b) 95,000 shares to fulfill the conversion privileges of the 7% First (Closed) Mortgage Sinking Fund Convertible Bonds outstanding.
 - (c) 25,000 shares to fulfill an employee's stock option agreement at \$0.50 per share exercisable at a maximum of 5,000 shares per year up to May 31st, 1968.
 - (d) 200,000 shares to fulfill an underwriting and option agreement dated October 9th, 1963 exercisable as to 100,000 shares at \$0.60 up to March 9th, 1964 and as to 100,000 shares at \$0.70 up to June 8th, 1964. The option due March 9th, 1964 has been exercised in full.
6. Depreciation and mine development write-off rates used in previous years are considered excessive and have been reduced for the year ended December 31, 1963. The rate used has resulted in a reduction of these items totalling \$25,466.00.



AUDITORS' REPORT

To the Shareholders,
The Cariboo Gold Quartz Mining Company Limited
(Non-Personal Liability)
Vancouver, Canada.

We have examined the balance sheet of The Cariboo Gold Quartz Mining Company Limited (Non-Personal Liability) as at December 31, 1963 and the statement of operations for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of operations, supplemented by the notes to the financial statements, are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1963, and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

In accordance with Section 159 of the Companies Act of the Province of British Columbia, we report that the profits and losses of the subsidiary companies have been provided for in arriving at the profit of The Cariboo Gold Quartz Mining Company Limited (Non-Personal Liability).

March 12th, 1964

REYNOLDS, ANDERSON & CO.
Chartered Accountants

Review of Operations

YEAR	TONS MILLED	GRADE OF MILL HEADS	GOLD OZS. PRODUCED	AVERAGE GRADE OF TAILINGS	RECOVERY PER CENT	TONS ORE RESERVES	ORE RESERVE GRADES	FEET OF DEVELOP- MENT	FEET OF DIAMOND DRILLING	GROSS VALUE OF BULLION PRODUCED	E.G.M.A.	NET EARNINGS PER SHARE (CENTS)	DIVI- DENDS PAID PER SHARE (CENTS)
1933	21,668	.441	8,395	.0543	87.77	29,800		7,417	3,303	\$ 260,841		.2	---
1934	28,835	.405	11,014	.0234	94.24	99,676	.416	18,217	---	381,851		2.3	---
1935	45,692	.415	17,633	.0257	93.82	152,588	.404	10,123	2,549	621,227		9.7	2.5
1936	53,672	.395	19,995	.0197	95.01	209,636	.416	8,384	5,043	700,282		15.4	10.0
1937	71,843	.451	30,541	.0204	95.48	246,236	.457	6,953	5,248	1,068,835		24.9	11.5
1938	104,341	.434	43,060	.0211	95.13	302,165	.438	16,730	9,807	1,517,562		34.2	17.0
1939	109,662	.446	46,601	.0226	94.95	428,588	.436	17,891	7,848	1,707,863		37.09	21.0
1940	113,802	.407	43,830	.0211	94.81	435,456	.417	16,331	20,629	1,688,643		27.2	24.0
1941	129,659	.402	49,315	.0206	94.87	441,672	.397	16,701	14,511	1,900,008		19.0	23.0
1942	87,466	.412	34,762	.0209	94.95	423,311	.398	5,334	4,549	1,339,431		8.1	13.0
1943	35,814	.464	15,907	.0190	95.90	390,180	.390	329	---	612,740		---	4.0
1944	33,968	.427	13,665	.0166	96.11	360,415	.388	424	---	526,418		---	---
1945	36,393	.387	13,303	.0181	95.32	322,250	.382	477	1,529	512,587		---	---
1946	45,509	.329	14,092	.0177	94.61	322,250	.382	3,498	6,229	530,408		---	---
1947	88,535	.249	20,899	.0158	93.66	238,740	.320	4,362	17,243	732,766		---	---
1948	70,267	.329	21,251	.0264	91.97	214,740	.300	2,393	3,889	745,474	\$116,773	---	---
1949	68,637	.338	21,850	.0198	94.14	207,740	.320	1,489	11,801	806,195	102,677	---	---
1950	58,688	.391	21,737	.0210	94.64	165,160	.350	2,722	16,892	825,505	78,401	---	---
1951	71,618	.368	24,811	.0224	93.94	195,020	.371	6,899	32,917	909,736	166,008	---	---
1952	71,140	.362	24,451	.0182	94.96	143,480	.390	5,849	15,110	836,418	163,253	---	---
1953	75,208	.363	26,080	.0160	95.59	144,550	.407	6,295	7,922	899,178	211,246	---	---
1954	80,816	.421	33,039	.0128	96.96	221,855	.418	6,918	8,839	1,126,826	252,178	4.24	---
1955	108,652	.396	41,464	.0140	96.47	203,445	.420	7,667	13,173	1,436,151	241,774	.55	---
1956	94,721	.446	41,117	.0128	97.22	212,650	.425	4,542	9,221	1,418,471	161,853	5.20	---
1957	90,796	.440	38,757	.0132	97.00	153,468	.395	3,867	12,045	1,305,140	186,422	1.42	---
1958	66,880	.438	27,892	.0204	95.32	135,421	.393	5,125	12,024	950,373	223,163	---	---
1959	46,586	.398	17,746	.0165	95.77	127,510	.421	4,073	11,563	597,939	182,387	---	---
1960*	39,113	.518	19,555	.0182	96.48	71,485*	.504*	4,936	15,452	667,214	200,794	---	---
1961*	37,944	.552	20,243	.0186	96.63	91,456*	.540*	5,743	15,322	722,927	208,048	1.06	---
1962*	38,638	.500	18,624	.0182	96.36	69,150*	.500*	4,539	23,466	701,218	191,362	---	---
1963*	34,702	.547	18,308	.0191	96.51	87,860*	.588*	6,222	25,052	695,537	188,119	---	---
Totals	2,061,265		799,937					212,450	333,176	\$28,745,758	\$2,874,458	---	\$1.26
					* Aurum mine only								

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED

(NON-PERSONAL LIABILITY)



